

**EXHIBIT E**

**FINANCIAL STATEMENTS FOR PERIOD ENDING  
JUNE 30, 2004**

**AND**

**~~REDACTED~~ 2003/04 PROFIT AND LOSS STATEMENT,  
BALANCE SHEET AND CASH FLOW STATEMENT**

OFFICIAL FILE  
I.C.C. DOCKET NO. 040665  
Exhibit No. 3  
Witness [Signature]  
Date 12/14/04 Reporter [Signature]

**Advanced Telemanagement Group, Inc.**  
**Pro Forma 2003/04 Profit and Loss Statement**  
 (Internal Management Report)

	Pro Forma FY2003 Actual	Q1 Actual	Q2 Actual	First Half FY2004 Actual
<b>Ordinary Income</b>				
Long Distance (1)	\$ 3,187,930	\$ 957,613	\$ 987,786	\$ 1,945,399
Other Income (2)	69,972	38,857	41,447	80,304
<b>Total Ordinary Income</b>	<b>\$ 3,257,902</b>	<b>\$ 996,470</b>	<b>\$ 1,029,233</b>	<b>\$ 2,025,703</b>
<b>Cost of Goods Sold</b>				
Carrier Charges (3)	\$ 2,085,734	\$ 602,591	\$ 565,797	\$ 1,168,388
Billing and Customer Service (4)	142,007	44,144	36,759	80,903
Sale Commissions (5)	431,838	99,583	131,588	231,171
<b>Total COGS</b>	<b>\$ 2,659,579</b>	<b>\$ 646,318</b>	<b>\$ 733,144</b>	<b>\$ 1,480,462</b>
<b>Gross Margin</b>	<b>\$ 598,323</b>	<b>\$ 350,152</b>	<b>\$ 295,089</b>	<b>\$ 545,241</b>
<b>Gross Margin % Revenue (6)</b>	<b>18%</b>	<b>25%</b>	<b>29%</b>	<b>27%</b>
<b>Expenses</b>				
Salaries & Related (7)	\$ 197,079	\$ 98,011	\$ 108,951	\$ 204,962
Sales and Marketing (8)	36,278	31,907	28,229	60,136
General & Administrative (9)	79,477	39,339	36,179	75,518
<b>Total Expenses</b>	<b>\$ 312,834</b>	<b>\$ 169,257</b>	<b>\$ 173,259</b>	<b>\$ 340,616</b>
<b>Operating Profit</b>	<b>\$ 285,489</b>	<b>\$ 180,895</b>	<b>\$ 121,730</b>	<b>\$ 204,625</b>
<b>Op Profit % Revenue (10)</b>	<b>8.5%</b>	<b>8.3%</b>	<b>11.8%</b>	<b>10.1%</b>
Tax, Depreciation, Interest Expense	\$ 9,261	4010	966	\$ 4,976
Other Income	-	-	-	-
<b>Net Profit After Tax</b>	<b>\$ 266,228</b>	<b>\$ 176,885</b>	<b>\$ 120,764</b>	<b>\$ 199,649</b>
<b>NPAT % Revenue</b>	<b>8.2%</b>	<b>7.9%</b>	<b>11.7%</b>	<b>9.9%</b>

**Footnotes:**

- 1 Sales Pipeline continues to ramp at a healthy pace. Our constraint is the provisioning process. We have become our own respong to facilitate faster turn up of service. Our pipeline is full so revenue will grow based upon our capacity to turn up the business.
- 2 All other sources of income. Primarily residual income from former Agent business, and charges for "back haul" circuits.
- 3 Q1 - paid a large carrier bill early. This exaggerated the cost base and depressed margin for the quarter.
- 4 Billing costs are directly variable with LD Revenue. Q1 charges artificially high due to one-time set-up fee for new billing system
- 5 Commissions vary almost directly with revenue. Pay based upon money collected. Collections create payment variation.
- 6 Year-to-date margin is expanding due to improved product competitiveness and lower costs from underlying carriers.
- 7 Matching Headcount to service the customer base.
- 8 Primarily costs related to supporting Agents and Marketing Program Roll Outs. ROI has been excellent. Spiked in Q1 for new product roll outs that will impact Q3 and beyond .
- 9 Major costs are professional fees for: accounting, tax, and legal; and, office-related infrastructure. This will grow to support volume.
- 10 The margin has been artificially depressed in Q1 due to timing issues (see #3, 4, 6)

**Advanced Telemanagement Group, Inc.**  
**Pro Forma 2003/04 Balance Sheet**  
 (Internal Management Report)

	2003 Actual	Q1 Actual	Q2 Actual
<b>Assets</b>			
Cash (11)	\$ 286,664	\$ 325,169	\$ 365,992
Accounts Receivable (12)	178,595	238,360	265,817
Other	9,131	750	750
<b>Total Current Assets</b>	<b>474,390</b>	<b>564,279</b>	<b>632,559</b>
Net Fixed Assets (13)	418	918	918
<b>Total Assets</b>	<b>474,808</b>	<b>565,197</b>	<b>633,477</b>
<b>Liabilities &amp; Equity</b>			
<b>Liabilities</b>			
Accounts Payable and Short Term Obligations	\$ 28,604	\$ 78,998	\$ 84,137
Customer Prepay and Deposits (14)	2,525	2,525	2,525
Taxes Payable (15)	44,105	4,715	(52,908)
<b>Total Current Liabilities</b>	<b>\$ 75,234</b>	<b>\$ 86,238</b>	<b>\$ 33,754</b>
Long Term Liabilities	-	-	-
<b>Total Liabilities</b>	<b>75,234</b>	<b>86,238</b>	<b>33,754</b>
<b>Equity</b>			
Common Stock	\$ 200	\$ 200	\$ 200
Paid-in Capital (16)	90,800	90,800	90,800
Retained Earnings and Net Income (17)	308,774	387,959	508,723
<b>Total Equity</b>	<b>400,774</b>	<b>478,959</b>	<b>570,723</b>
<b>Total Liabilities &amp; Equity</b>	<b>476,008</b>	<b>565,197</b>	<b>633,477</b>

**Footnotes:**

- 11 We will continue building cash reserves to ensure uninterrupted growth.
- 12 A/R is tightly managed. We have very low bad debt.
- 13 Primarily Computer and Related Equipment net of Depreciation
- 14 Based upon credit history, some customers must provide a deposit. Returned once good history is established.
- 15 Overpaid our taxes for the quarter. Primarily the USF (499) Fund.
- 16 Initial investment by Shareholders.
- 17 Growth is driven by the Profit and Loss Statement.

**Advanced Telemanagement Group, Inc.**  
**Pro Forma 2003/04 Cash Flow Statement**  
(Internal Management Report)

	Q1 Actual	Q2 Actual
<b>Beginning Cash</b>	<b>\$ 286,664</b>	<b>\$ 325,169</b>
<b>Income from Operations (19)</b>	<b>\$ 82,895</b>	<b>\$ 121,730</b>
<b>Change In Working Capital</b>		
<b>Uses/(Source):</b>		
Receivables	\$ 59,765	\$ 27,457
Other	(8,381)	-
<b>Total Uses</b>	<b>\$ 51,384</b>	<b>\$ 27,457</b>
<b>Sources/(Use):</b>		
Accounts Payable	\$ 50,394	\$ 5,139
Customer Prepay and Deposits	-	-
Taxes Payable	(39,390)	(57,623)
<b>Total Sources / (Uses)</b>	<b>\$ 11,004</b>	<b>\$ (52,484)</b>
<b>Net Source / (Use) (20)</b>	<b>\$ (40,380)</b>	<b>\$ (79,941)</b>
<b>Fixed Capital Outlays - Source / (Use)</b>	<b>\$ (500)</b>	<b>\$ -</b>
<b>Net Financing Activity and Interest - Source / (Use)</b>	<b>\$ (4,010)</b>	<b>\$ (966)</b>
<b>Ending Cash</b>	<b>\$ 325,169</b>	<b>\$ 286,992</b>

**Footnotes:**

19 See Income Statement

20 Timing related to paying bills and taxes. Controlled aging and cash flow management.